

Message Text

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ORIGIN XMB-07

INFO OCT-01 ARA-16 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 DODE-00 PA-03 USIA-15 PRS-01

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DRAFTED BY: AMOHANIAN

APPROVED BY: EB/OCA/REP: RGJORGENSEN

EXEC VICE PRES.: DON BOSTWICK

EB/IFD/ODF: EM LINTON

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 170857

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT LOAN OF DOLS 1,125,000 TO METAL LEVE S.A. OF BRAZIL.
RELEASE IS SCHEDULED FOR ANNOUNCEMENT
HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, FRIDAY, AUGUST 31
1973.

QUOTE: EXIMBANK FINANCING SUPPORTS DOLS 2.5 MILLION SALE OF
U.S. EQUIPMENT TO BRAZIL

TO SUPPORT A DOLS 2.5 MILLION SALE OF AN AUTOMATIC TRANSFER
LINE AND RELATED EQUIPMENT AND SERVICES REQUIRED FOR THE
MANUFACTURE OF PISTONS IN BRAZIL, THE BOARD OF DIRECTORS
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OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED
A DIRECT LOAN OF DOLS 1,125,000 TO FINANCE 45 PERCENT OF THE

U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN HENRY KEARNS. EXIMBANK WILL ALSO PROVIDE A FINANCIAL GUARANTEE OF A LOAN OF DOLS 1,125,000 FROM PRIVATE U.S. SOURCES NOT YET DESIGNATED TO FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS. THE BORROWER, METAL LEVE S.A. OF BRAZIL, WILL MAKE CASH PAYMENT OF 10 PERCENT OF THE U.S. COSTS OR DOLS 250,000.

THE EXPANSION OF METAL LEVE'S PLANT IS NECESSARY TO MEET THE GREATER DEMAND TO SUPPLY PISTONS TO GENERAL MOTORS, FORD AND VOLKSWAGEN IN BRAZIL. U.S. SUPPLIER OF THE EQUIPMENT WILL BE F. JOS, LAMB CO. OF WARREN, MICHIGAN, AND DELIVERY IS EXPECTED BY JULY 1974.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN AUGUST 10, 1974, WITH EXIMBANK'S DIRECT LOAN OF DOLS 1,125,000 TO BE REPAID OUT OF THE LAST 7 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES. UNQUOTE RUSH

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